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25X1 REPORT

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25X1

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PEOPLE-OWNED SHIPYARDS IN SOVIET ZONE GERMANY

1. The report reviews the structure and organization of the state-con-
trolled shipbuilding industry in the Soviet Zone.

2. The personalities listed are unknown, with the exception of Ewald
Dehn. He is probably the shipbuilding engineer Daehn who worked in the de-
signing office of the OKM (Naval High Command) during the war. However, he
did not become prominent then.

3. The Peene shipyard at Wolgast is apparently the assembly shop for
two inland shipyards which cannot assemble their products themselves be-
cause of difficulties with the navigation channels.

4. The Elbe shipyard at Boizenburg is located at the mouth of the Boize,
a small tributary of the Elbe, and probably has considerable difficulty in
the construction of luggers and seiners because of the variable water level.
At any rate, regular deliveries by water are probably not possible. The ship-
yard is suffering from lack of space. It is therefore doubtful whether the
specialization on construction of luggers will be successful.

5. The shape of the stern of the luggers is normal and suggests their
use as minesweepers rather than as minelayers, if the nine types involved are
those which weigh about one ton, including the anchor, and which are dropped
from a slide. Otherwise, it would have to be assumed that slides are attached
to the side amidships and the mines are brought out from the hold on a boom.
For military use of the luggers, their function as guard, patrol, or picket
boat is much more likely. Since the Soviet Union has a very extended coast-
line, a large number of such vessels are needed.

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Welding

- 1 -

25X1

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and riveting are used at the same time and to an extent which approximately corresponds to that customary in the Western zones. The only joints welded are those where no great difficulties from shrinkage stress are to be expected. The pictures show the following points to be welded: butts of the skin strakes, and the joints between the strakes and the upper part of the aft stem; joints between frame and floor, seams, butts (if there are any), and profiles of the bulkheads. Only the iron deck seems to be welded to a large extent. Most of the connections are still riveted as before.

As it is unlikely that the luggers made at the various shipyards are welded and riveted in other than a uniform manner, it is reasonable to assume that the luggers which are built at the Stralsund People-Owned Shipyard by the welding method in an assembly line process do not differ greatly from the luggers shown in the photographs.

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* * *

Shipping in the Eastern Zone was in an extremely difficult position in 1945, after having been separated from the basic industries and the shipyards of Western Germany. One important factor, of course, was the considerable loss of vessels of all classes, the prohibition of certain classes of vessels by the Allied Control Council, and the blocking of shipping lanes by war damage.

The only shipyard which could be classed as capable of operating at all, by German standards, was the Neptun shipyard at Rostock, and this one had been very heavily damaged by British and Soviet air raids. Apparently, German authorities were given orders by the Soviet Military Administration a short time after Germany's collapse to draw up long-term repair and reconstruction plans for shipyards. However, a clear trend did not appear until 1946-47.

A. Development of the Federation of People-Owned Shipyards

Since 1947 the Federation of People-Owned Shipyards has been organized as a zonal federation under the control of the German Economic Commission. The headquarters of the federation is in Schwerin, but since the end of 1947, a number of branch offices have also been operating in other cities, including Halle, Erfurt, Dresden, and Berlin. These branch offices only control the procurement of material in their region. At the time of its founding, the federation's administrative staff numbered 20 persons, but by now it has increased to 200.

In 1947 the head personnel consisted mostly of men with long experience in the shipbuilding industry who were experts in the field. In the meantime, however, most of them have been removed from their posts for their past political affiliations or lack of interest in the SED.

- 2 -

SECRET

SECRET

25X1

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In general, the prerequisites for the desired development were lacking and had to be built up laboriously. As stated above, the Neptun shipyard at Rostock, which is now a Soviet corporation operating under control of the AMO Combine, was the only enterprise in the Eastern Zone which was able to build vessels of the types required. Before 1945 the two shipyards at Boizenburg and Brandenburg had specialized in building ships for inland waterways with capacities not exceeding those of ships built at Finow. Thus, the Federation of People-Owned Shipyards faced the task of creating an entirely new branch of industry with totally inadequate means at its disposal.

B. Organization

The headquarters of the Federation of People-Owned Shipyards is at Schwerin, Goethestrasse 27, in the building of the former Chamber of Commerce.

Externally, the administration of this "trust" differs only slightly from other enterprises of this kind. However, as in other Eastern Zone enterprises, the effect of the Soviet administrative system, is also found here.

The Chief Director is Thiel, an old Communist who formerly lived in Berlin, Prenzlauer Berg. According to his own statements, he was one of the leaders of the Berlin streetcar strike of 1932.

1. Business Management

Business Director: Knoerich, formerly trustee of the Schwerin Chamber of Commerce, not an active SED (Socialist Unity Party) member.

- a. Bookkeeping Department
- b. Legal Department
- c. General Administration Department
- d. Auditing Department
- e. Materials Supply Department

2. Technical Management

Technical Director: Franz, Neptun shipyard, Rostock. No other data available, since he joined the organization only recently.

Former Technical Director: Ewald Dehn, shipbuilding expert. Held a leading post in the OKM during the war. SED member. Was summarily dismissed from his post because he was held to be one of those responsible for nonfulfillment of the plan. [redacted] he reportedly did preliminary work on organizing an Asiatic shipping concern to make East Zone shipping independent of the German shipping concern. It is not known how far preliminary work in the setting up of a register progressed.

25X1

a. Production Department

Chief Production Manager: Kluckow. Former metalsmith, close friend of Director Thiel.

- b. Technical Control
- c. Technical Planning
- d. TAN (Technical Work Norms) Office

- 3 -

SECRET

SECRET

25X1

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SECRET

3. Personnel Department

Personnel Director: Emil Miltenberger. Old Communist, Spanish Civil War veteran. On the staff since January 1949; has removed all opponents of the SED since then. A large number of his personal associates have been dismissed since then for incompetence. [redacted]

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- a. Personnel Department proper
- b. Department of Schooling and Training.
Chief: Scholte
- c. Social Welfare Department
- d. Information Department
Chief: Erich Glaner. Glaner has been on "sick leave" [redacted]

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Deputy Chief: Kurt Hoffman

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4. SED Plant Group

Chief: Bendig. Official of Land Party Executive Board [redacted]

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[redacted] Under his influence, the SED Plant Group embarked on an extremely radical course. Since Bendig is concurrently deputy personnel chief, the political reliability of all members is assured.

Size of SED Plant Group: 130 men.

5. Plant Trade Union Board (BGL)

Chief: Mrs Eigel. Member of Land Party Executive Board. Since the new elections in the Trade Union Board on 1 January 1950, all its members have been members of the SED.

6. Plant groups of bourgeois parties or nonpolitical organizations

None in existence.

C. Individual Shipyards

1. Peene Shipyard in Wolgast

Number of employees has increased from not quite 200 in 1947 to about 2,000.

Production: Finishes components of luggers and seiners produced by Boizenburg and Brandenburg (Ernst-Thaelmann) shipyards.

2. People-Owned Shipyard in Stralsund

1,500 employees

Production. Construction of fishing cutters for reparations account. At present one welded lugger is under construction on the assembly line. Production quota is one lugger every 8 days.

- 4 -

SECRET

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SECRET

3. Bodden Shipyard in Dammgarten (former air base)
2,500 to 3,000 employees
Production: 80 cutters per year
4. Warnow Shipyard in Warnemuende (was a small secondary plant in 1947)
5,000 employees
Production: Repair of large salvaged vessels

25X1 Repaired in 1949: SS Asia (former Kraft Durch Freude /Nazi recreation organization/ ship Der Deutsche). Approximately 2 million East marks were spent up to November 1949 on reconditioning the Asia.

[] this sum is charged to reparations accounts and paid by the Land government.)

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5. Ship Repair Yards at Wismar (former railroad car plant which is now supposed to revert to this function and manufacture chassis for express coaches)

Approximately 500 employees in 1949; approximately 5,000 now.

Production: Repair of ships on reparations account (e.g., the former training sailing ship Gorch Fock, which now has a Russian name.) Greatly expanded since 1949, especially with the construction of new piers.

6. Elbe Shipyard at Boizenburg

Production: Luggers and seiners up to floating stage. Final outfitting takes place at Wolgast. One part of the plant is reportedly building farm wagons. According to source, it is planned to specialize on the construction of luggers.

7. Ernst Thaelmann Shipyard in Brandenburg

700 to 800 employees in 1947

Production: Luggers and seiners of the known types as far as the floating stage. Final outfitting at Wolgast.

8. State Shipyard at Rothensee near Magdeburg

Number of employees not known

Production: Seiners for herring fishing

9. Ships' Lantern Factory at Uckermuende

Only plant of this type in the Soviet Zone.

10. Koepenick Shipyard for Yachts

11. Ship Outfitting Enterprise at Rostock (formerly Rostock Furniture Plant)

2,000 employees in 1947

Production: Outfitting, interior equipment, carpentry work on reparations vessels.

12. Ship-Salvage Enterprise in Stralsund

- 5 -

SECRET

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D. Materials

The situation of heavy industry in the Eastern Zone is, as is well known, precarious. This, of course, has its effects on the construction of metal ships. Only recently, since the first shipments of iron, steel, and rolling mill products have begun to arrive from the Soviet Union under the trade agreement, has the situation improved somewhat, at least in this particular sector. The source presumed that some of these materials, officially labeled Soviet products, really come from the foreign trade stocks of the German Democratic Republic and that the transaction nets a tidy profit to the Soviets who are acting as middlemen.

The shipments from the West German iron industry are said to be far below the expected quantities. There are repeated shortages of special form steel and tool steels (alloy steel, SS steel, Vidia)

The Hennigsdorf, Thale, and Riesa plants are named as suppliers in the Soviet Zone.

The supply situation in nonferrous and light metals is also extremely tight. However, no details are available on this.

The Soviet Corporation Buckau Wolf (AMO Combine) supplies Diesel engines of different types (four-stroke, 4-, 6-, and 8-cylinder engines) for the boats. During conferences of leading technical personnel, repeated mention was made of a shipment of Italian engines which was expected. These are said to be Diesel engines of Type 4 [4-cylinder?]. It is not known whether this shipment has been received or whether it will arrive in the future.

None of the luggers built to date (about 30 in 1949) has been released for use by the German fisheries, although the German fishing vessels are obsolete and can be used only for coastal fishing.

The particularly stable design of the vessels, the strange shape of the stern, and several other details are striking, and would lead a ship expert to conclude that the vessels are intended for use as minelayers.

E. Finances

Although the priority of the planned tasks was established by Soviet and German authorities, the financial backing of the project may be called faulty.

The lack of business planning during the first year (for example, the Auditing Department of the Business Management was not set up until the beginning of 1948) caused some items in the construction program to be estimated incorrectly. Thus, after the Federation of People-Owned Shipyards had been in existence one year, only part of the program had been carried out, although 65 million East marks had been invested. As a result, there was a hunt for scapegoats, and several high officials of the enterprise were dismissed. The financial difficulties which appeared in 1948 could be overcome only after the director had intervened at the German Economic Commission and after the Minister of Finance of Land Mecklenburg had promised to increase the investment appropriation.

F. Planning

The German Economic Commission developed a structural plan in 1949, which is generally valid for people-owned plants and Soviet corporations in the Eastern Zone and which is to be realized by the Federation of People-Owned Shipyards by June 1950.

- 6 -

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The parallel, independent planning departments of the technical and business managements are to be consolidated and given far-reaching executive powers. This measure, the most immediate consequence of the structural plan, would mean a thorough reorganization. Here, too, there is unmistakable evidence of the Soviet method of rationalization of administrative processes.

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- 7 -

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